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## AUDIT COMMITTEE CHARTER

### **PURPOSE**

The purpose of the AHL Audit Committee (the “Committee”) is to advise the AHL Board of Directors (the “Board”) on the establishment and maintenance of a framework of internal compliance and control systems and ethical standards to ensure appropriate and effective management of key financial and business risks and compliance with legal and regulatory requirements and to assist the Board by providing additional assurance regarding the quality and reliability of financial information prepared for use by the Board so that the Board may be satisfied that the reliability and integrity of the accounting policies and financial reporting disclosure practices are adequate.

The operation of the Committee will be governed by this Charter which will be made available to shareholders on request. The Committee shall on an annual basis, review its Charter to determine its adequacy for current circumstances and recommend to the Board the formal adoption of a revised Charter for the future operations of the Committee.

### **MEMBERSHIP**

The Committee is appointed by the Board and comprises a minimum of three members. All members of the Committee will be non-executive members of the Board. The Chairman of the Committee will be an independent Director who is not the Chairman of the AHL Board. A quorum will be three.

Members of the Committee will be appointed for an indefinite period, or until such appointment is revoked by the Board. The Board will review the membership of the Committee on an annual basis. It will be the responsibility of the Committee Secretary to advise the Board of the time for the review of Committee membership.

All members of the Committee shall have a working familiarity with basic finance and accounting procedures, and at least one member of the Committee shall have accounting or related financial management expertise.

Membership of the Committee shall be published in the annual report.

# AHL AUDIT COMMITTEE CHARTER

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## SECRETARIAL AND MEETINGS

The Company Secretary will be appointed secretary of the Committee. The Secretary, in conjunction with the Chairman and Director of Finance and Accounting, will draw up an agenda, which will be circulated at least one week prior to each meeting to the members of the Committee, invitees and the external auditors.

The Chairman will call a meeting of the Committee if so requested by any Committee member, the Director of Finance and Accounting, the Group Internal Audit Manager, the Company Secretary or the external auditors.

The Managing Director, Director of Finance and Accounting, the Group Accounting Manager, the Group Internal Audit Manager, and the external auditors may be invited to attend all Committee meetings. Other officers may be invited by the Committee to attend meetings as required, and other Directors may attend any meeting as they see fit.

Meetings will be held as the need arises but at least four times a year as follows:

1. At the planning stage of the external audit at which time the planned scope of the audit will be considered;
2. Before the issue of the half yearly profit announcement, at which time significant matters arising from the half year review by the external auditors will be considered;
3. Before the issue of the final profit announcement at which time significant matters arising from the external audit will be considered; and
4. In time to consider the management letter issued by the external auditors.

## RESPONSIBILITIES

The Committee shall consider any matters relating to the financial affairs of the company and its controlled entities and to internal and external audit that it considers necessary. In addition, the Committee shall examine any other matters referred to it by the Board.

The specific responsibilities of the Committee are as follows:

### Financial Reporting

- Review of financial information for half year and full year profit announcements and for the annual report and accounts;
- Review all significant accounting policy changes prior to submission to the Board for approval to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- Review all accounting, treasury, and audit policy guides prior to submission to the Board for approval;
- Monitor the procedures in place to ensure that the entity is in compliance with the Corporations Act, Stock Exchange Listing Rules and other legislative and reporting requirements.

# AHL AUDIT COMMITTEE CHARTER

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## **External Audit**

- Recommend to the Board the appointment of the external auditors, monitor the independence and effectiveness and approve the fees and other compensation to be paid to the external auditors;
- Review and discuss on an annual basis all significant relationships the external auditors have with the company including the provision of non-audit services, to determine the auditors ongoing independence;
- Review the annual audit plan with the external auditors and the performance of the external auditors and the effectiveness of the annual audit, ensuring emphasis is placed on areas where the Committee, management or the auditors believe special attention is necessary;
- Review written reports from the external auditors, including audit management letters.

## **Internal Compliance and Control and Risk Management**

- Approve the internal audit plan annually, and review the activities and effectiveness of the internal audit function;
- Monitor the review of the effectiveness of management information and other systems of internal compliance and control;
- Monitor the financial and business risk assessment process and the internal controls instituted;
- Review reports on any major defalcations, frauds and thefts from the company and also evaluating the company's exposure to fraud.

## **Other matters**

- Review significant transactions which are not a normal part of the Group's business, and related party transactions, and consider the adequacy of disclosure of those transactions in the financial statements;
- Supervise special investigations, and review any other issues referred to it by the Board;
- Review the adequacy of risk assessment procedures for business acquisitions and new business ventures as prescribed by APG-07 – Due Diligence Checklist;
- Review representation given by management in annual Directors questionnaire, and management representation given to external auditors;
- Review adequacy of insurance coverage;
- Ensure that a corporate Code of Ethics is established and periodically reviewed;
- Ensure that a Whistleblowing policy is established and periodically reviewed;
- Review legal compliance program;
- Review available internal and external audit reports for associated entities;
- Follow up on all outstanding matters with any Statutory Authority.

# AHL AUDIT COMMITTEE CHARTER

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## **AUTHORITY**

The Committee makes recommendations to the Board for resolution and has no executive powers of its own with regard to its recommendations.

The minutes of all Committee meetings shall be circulated to members of the Board and shall contain all findings and recommendations of the Committee.

The Committee is authorised to seek any information it requires from any officer or employee of the company or its controlled entities. The Committee may take such independent professional advice, as it considers necessary, subject to the prior notification of the Chairman of the Board and compliance with any policy or procedure adopted by the Board in respect of seeking such advice.

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